

Message Text

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PAGE 01 TEHRAN 07882 181309Z

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ACTION NEA-16

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E.O. 11652: N/A

TAGS: EINV, EIND, EFIN, IR, GW

SUBJ: IRANIAN PURCHASE OF KRUPP SHARES

REF: A) TEHRAN 5949 B) TEHRAN 3459

1. GERMAN DELEGATION LED BY KRUPP CHAIRMAN BERTHOLD BEITZ SIGNED "DEFINITIVE AGREEMENT" IN TEHRAN ON SEPTEMBER 17 FINALIZING SALE TO IRAN OF 25.04 PERCENT SHARE IN STEEL MANUFACTURING FIRM FRIED KRUPP HUTTENWERKE A.G. AMOUNT, PAID BY IRANIANS IN CASH, FOR KRUPP SHARES REMAINS "HIGHLY CONFIDENTIAL". HOWEVER, GERMAN EMBASSY COMMERCIAL COUNSELOR GERHARDT ESTIMATES PRICE AT DM 300 MILLION.

2. NATIONAL IRANIAN STEEL INDUSTRIES COMPANY (NISIC) MANAGING DIRECTOR DR. REZA AMIN SIGNED AGREEMENT FOR GOI. WHILE KRUPP SHARES WILL BE OWNED BY MINISTRY OF ECONOMICS AND FINANCE, DR. AMIN HAS BEEN APPOINTED IRANIAN MEMBER OF KRUPP BOARD.
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PAGE 02 TEHRAN 07882 181309Z

GERHARDT SAID PURCHASE PRICE GIVES NISIC ACCESS TO KRUPP'S

STEEL MANUFACTURING KNOW-HOW BUT NOT TO TECHNOLOGY OF OTHER
KRUPP INDUSTRIAL ENTERPRISES.

3. GERMAN DELEGATION ALSO IS NEGOTIATING DETAILS OF SETTING
UP IRAN KRUPP OVERSEAS INVESTMENT COMPANY, WHICH WIDELY REPORTED
TO BE LOCATED IN ZURICH. HOWEVER, GERHARDT SAID COMPANY HEAD-
QUARTERS SITE NOT YET DECIDED. CAPITALIZATION EXPECTED TO BE
10 MILLION SWISS FRANCS, AND OPERATION SCHEDULED TO BEGIN EARLY
IN 1975.

4. AS REPORTED REF B, KRUPP AND INDUSTRIAL DEVELOPMENT AND
RENOVATION ORGANIZATION OF IRAN ALSO HAVE AGREED TO SET UP
ENGINEERING CONSULTANCY AND INDUSTRIAL DESIGN SERVICE. KRUPP
AND CONSORTIUM OF FOUR OTHER GERMAN COMPANIES ARE EXPECTED TO
BUILD SPONGE IRON GAS REDUCTION PLANT AT BUSHIRE ON PERSIAN
GULF, BUT FINAL DECISION NOT YET MADE ON LOCATION AND OTHER
DETAILS.
HELMS

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